

REQUEST FOR PROPOSAL TO PERFORM AUDITING SERVICES

As part of its periodic consideration of independent audit firms, the City of Lackawanna (the City) is issuing a request for proposals (RFP) from CPA firms to provide audit services. You are invited to submit a proposal in accordance with the terms outlined in the RFP.

BACKGROUND

The City of Lackawanna, New York, is governed by the City Council, the City Charter, the City Municipal Code, the general laws of the State of New York and various local laws. The City operates on a fiscal year August 1st – July 31st. The City Council is the legislative body responsible for the overall operation of the City and consists of the Council President and four board members. The Comptroller serves as Chief Fiscal Officer and the Mayor serves as Chief Administrative Officer and as the administrative head of City government who implements the policies of the City as determined by the City Council.

The City has a budget of approximately \$29,500,000 for all funds and has approximately 166 full-time employees. The City has seven (7) individual governmental funds, the General, Capital Projects, Special Revenue Fund, General Fixed Assets, Trust and Agency, Block Grant and Debt Service. Of these, the General, Special Revenue and Capital Projects funds are reported as major funds. The City adopts an annual budget for its General, Special Revenue, Debt Service and Capital Funds.

The City's accounting system, KVS Information Systems, Inc (soon to be replaced by Edmunds Gov Tech), is fully automated and maintained in the Comptroller's Office.

Payroll is processed bi-weekly with the DPW hourly payroll processed one week and all other employee payroll is processed the following week. The City's Independent Auditors Reports for FY 2018-2019 and prior years are posted on the City's website at www.lackawannany.gov.

The Comptroller will provide the necessary reports (trial balances, revenues, expenditures, general ledger, accounts payable, purchase orders, etc.), and necessary schedules required for an independent audit.

SCOPE OF SERVICES AND OTHER REQUIREMENTS

The City will require an annual independent audit of its financial records. The audit is to be conducted in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States and the Regulations of the Federal Government regarding federal funds. The content of the work should include:

- Annual Financial Report, including Management Discussion & Analysis
- Single Audit Report (where required)
- Management letter for the City
- Filing of the AUD with the New York State Office of the State Comptroller

ENGAGEMENT CALENDAR

In accordance with the City's fiscal year-end of July 31:

- The firm will provide the City with a checklist of reports and schedules as needed for their fieldwork. Fieldwork should begin no later than October 1st, and conclude no later than November 1st annually.
- A draft audit report is to be delivered within two weeks of the end of fieldwork and a final report is expected within four weeks of the end of fieldwork. All audit work papers and detail spreadsheets should be made available to the City at the end of the fieldwork.
- A draft copy of the management letter should be provided to the Mayor and Comptroller for their review prior to finalization.
- The firm should prepare and make copies of all reports on its premises and deliver 15 copies of all reports to the City Comptroller.
- The annual audit report's letter to management shall be attached to or included in the same binder with the financial statements. The firm shall advise the City Comptroller as to the proper promulgation of their reports in writing.
- The auditor will be required to attend a City Council meeting when the report is presented.

The City will also require that the auditors respond to occasional inquiries throughout the course of the year. It is anticipated that the time to respond to these inquiries would be minimal, and we would therefore expect your fee quote to include a provision for these types of additional services.

FIRM QUALIFICATIONS AND EXPERIENCE

- The Proposal should state the size of the firm, the size of its government audit staff, the location of the office where this engagement is to be performed and the number and nature of the professional staff to be employed in this engagement including the qualifications of the manager and partner to be assigned to the City.
- The firm is required to submit a copy of the report of its most recent external quality control review, with a statement of whether that quality control review included a review of specific government engagements. If applicable, please submit a copy of the letter of comments and letter of response, related to the peer review.
- The firm shall provide information on the circumstances and status of any disciplinary action taken or pending against the firm or any partner during the past three years with state regulatory bodies or professional organizations.
- The firm should provide an affirmative statement that it is independent of the City of Lackawanna as defined by the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.
- You must include a list of municipal references, including name, title and phone number of the person who had contact with your auditors. The references should be those with whom you have worked for within the past five years.

FEE SPECIFICATION

Each proposer must complete the attached Fee Specification Form.

Each proposer must clearly state the fees to be charged to the City for the annual audit of all funds of the City for the year ended July 31, 2020.

This fee should be a flat annual rate and include all necessary expenses. The fee should also cover follow-up work and provide for advice and counsel to the staff throughout the term of this contract.

PROPOSAL DUE DATE AND REQUIREMENTS

Please submit all proposals electronically or by mail by July 8, 2020, 10:00 AM EST to:

Carolyn A. Nicometo, CPA
Comptroller
City of Lackawanna
714 Ridge Road
Lackawanna, New York 14218
comptroller@lackny.com

Proposals submitted after this date will not be considered. Please complete the attached Fee Specification Sheet and include it with your response. Responses may be withdrawn prior to the opening date and time, upon written request of the respective firm(s). If it becomes necessary to revise any part of this RFP, or if additional data or information is necessary to clarify any of its provisions, an addendum will be provided.

One original and two copies of the proposal are requested.

All proposals should meet the criteria outlined in this RFQ; those that do not may be considered invalid and denied prior to a complete review. The City reserves the right to reject any or all submittals in response to this RFQ and to award the proposal in the best interests of the City.

All materials submitted in response to this RFP would become the sole property of the City. The City will not reimburse the proposer for any expenses incurred in connection with the preparation of this RFP. All proposals must be irrevocable for 180 days and signed by an authorized officer of the firm.

SELECTION OF AN AUDITING FIRM

During the evaluation process, the City reserves the right where it may serve the City's best interest, to request additional information or clarification from a proposer, or to allow corrections of non-material errors or omissions or waive non-material requirements. The City Comptroller will make a recommendation to the City Council, which is expected to make the official appointment at the next board meeting, or earlier. All proposers will be notified in writing once the successful proposer has been selected. The most important selection criterion will be demonstrated experience with governmental audits. Cost will be a consideration, but secondary to the requisites of technical expertise and effective

communication skills. The City reserves the right to reject any or all proposals submitted. The City will make an auditor selection for a two-year term, with the City's option to extend the services annually for an additional two years, upon mutual agreement.

FEE SPECIFICATION SHEET

Audit of the City of Lackawanna, Year Ended July 31, 2020

Fixed Fee \$ _____

Single Audit Fee (if requested) \$ _____